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UNCLAS SANTO DOMINGO 003627

SIPDIS

SENSITIVE

DEPARTMENT FOR EB/IFD/ODF AND WHA/CAR;
PLEASE PASS TO EX-IM BANK

E.O. 12958: N/A

TAGS: [EFIN](#) [ECON](#) [DR](#)

SUBJECT: RECOMMENDATION ON FINANCING OF MARINE PATROL
VESSELS

REF: SANTO DOMINGO 3617

(SBU) Further to reftel, Embassy recommends against U.S.
Ex-Im Bank financing of marine patrol vessels for the
Dominican navy at this time for the following reasons:

-- The Dominican Republic's fiscal deficit and inability to
meet IMF debt targets presents repayment risk on existing
debt, and additional loans would increase that risk;

-- The Embassy's Military Assistance and Advisory Group
(MAAG) does not support the GODR Navy's purchase of
additional vessels until the new government (to be installed
16 August) develops cogent national security and national
military strategies that demonstrate the need for such
vessels;

-- The Dominican Navy lacks sufficient funds to purchase fuel
or to maintain adequately ships that it purchased only last
year;

-- Additional bilateral lending at this time conflicts with
President Mejia's directive to halt project loans and with
USG efforts to support fiscal discipline to meet Fund
objectives.
KUBISKE